INTERIM REPORT

HORNBACH-BAUMARKT-AG GROUP

FIRST NINE MONTHS 2010/2011

(MARCH 1 – NOVEMBER 30, 2010)

Es gibt immer was zu tun.

HORNBACH-BAUMARKT-AG GROUP

Nine-Month Interim Report 2010/2011 (March 1 – November 30, 2010)

Key figures of the HORNBACH-Baumarkt-AG Group (in € million, unless otherwise stated)	3rd Quarter 2010/2011	3rd Quarter 2009/2010	Change %	Nine Months 2010/2011	Nine Months 2009/2010	Change %
Net sales	**712.7**	**663.5**	**7.4**	**2,267.9**	**2,166.4**	**4.7**
of which: in other European countries	299.7	275.8	8.7	953.1	890.6	7.0
Like-for-like sales growth	4.3%	1.4%		1.8%	1.6%	
Gross margin as % of net sales	36.6%	36.0%		37.2%	36.4%	
EBITDA	31.2	24.4	27.7	174.8	160.2	9.1
Earnings before interest and taxes (EBIT)	**18.0**	**11.7**	**53.3**	**135.5**	**120.1**	**12.9**
Consolidated earnings before taxes	12.2	6.4	90.6	123.6	103.8	19.1
Consolidated net income	11.2	4.7	138.1	91.5	73.2	25.0
Basic earnings per share in €	0.70	0.30	133.3	5.75	4.64	23.9
Investments	18.0	14.9	20.8	45.1	57.2	(21.1)

Misc. key figures of the HORNBACH-Baumarkt-AG Group (in € million, unless otherwise stated)	November 30, 2010	February 28, 2010	Change %
Total assets	1,643.0	1,439.4	14.1
Shareholders' equity	742.9	654.7	13.5
Shareholders' equity as % of total assets	45.2%	45.5%	
Number of stores	132	131	0.8
Sales area in 000 m² (based on BHB)	1,497	1,480	1.1
Number of employees	13,024	12,640	3.0

Rounding up or down may lead to discrepancies between percentages and totals. Calculation of percentage figures based on € 000s..

INTERIM GROUP MANAGEMENT REPORT

Summary

- **HORNBACH-Baumarkt-AG Group further steps up pace of growth in third quarter of 2010/2011**
- **Consolidated sales up 7.4% in third quarter and 4.7% in nine-month period**
- **Germany with most dynamic like-for-like sales performance in third quarter (plus 6.4%)**
- **Nine-month EBIT grows 12.9% to € 135.5 million**

The HORNBACH-Baumarkt-AG Group further accelerated its growth in the third quarter of 2010/2011 compared with the previous quarter. Consolidated sales thus rose by 7.4% to € 712.7 million in the period from September 1 to November 30, 2010 (previous year: € 663.5m). In the first nine months (March 1 to November 30, 2010), sales at our 132 locations in nine European countries grew by 4.7% to € 2,267.9 million (previous year: € 2,166.4m). The Group's like-for-like sales net of currency items grew by 4.3% in the third quarter (including currency items: plus 5.9%) and by 1.8% in the first nine months (including currency items: 3.3%). As already in the second quarter, this growth was driven both by Germany and by other European countries. Particularly pleasing was the volume of demand from customers at the 92 HORNBACH stores in Germany, where like-for-like sales improved by 6.4% in the third quarter and by 2.7% in the first nine months. Outside Germany, like-for-like sales net of currency items increased by 1.3% in the third quarter and by 0.6% in the first nine months. Including currency items, the quarterly and cumulative growth rates amounted to 5.4% and 4.1% respectively. HORNBACH reinforced its position in the Dutch market by opening a new DIY megastore with a garden center in Breda at the end of the third quarter. As of November 30, 2010, the Group was therefore operating a total of 40 DIY stores with garden centers outside Germany. The HORNBACH-Baumarkt-AG Group managed to boost its earnings power in the first nine months of the current 2010/2011 financial year. The Group's operating earnings (EBIT) showed disproportionate growth compared with sales, rising by 12.9% to € 135.5 million (previous year: € 120.1m). Net income for the period surged by 25.0% to € 91.5 million (previous year: € 73.2m). Basic earnings per share are reported at € 5.75 for the first nine months (previous year: € 4.64).

Macroeconomic framework

Overall, the underlying macroeconomic framework for the HORNBACH-Baumarkt-AG Group's DIY retail activities across Europe remained favorable in the period under report. The global economy maintained its upward trend after mid-2010. As expected by economic experts, however, global growth switched down a gear in terms of its pace, especially in industrialized economies, following the very robust recovery seen in the spring. Key sources of unease and insecurity on the capital markets are the countries on the periphery of the EU, whose tense sovereign debt situations have returned with a vengeance to the top of market participants' agendas.

At 0.4%, real-term economic growth (GDP) in the euro area lost some ground in the third calendar quarter compared with the previous quarter's figure of 1.0%. Having said this, growth was distributed very evenly between private consumer spending, government consumption and exports. As in previous quarters already, private consumer spending offered solid support to the economy in the period from July to September 2010 as well – and that in spite of ongoing high unemployment in some European countries. Growth has continued to be notably driven by Germany, which is currently on the cutting edge of economic developments in the euro area while also playing a key role in stabilizing the currency area. Alongside Germany, most other European countries in which HORNBACH operates have also reported pleasing economic recoveries following the lows seen in the 2009 crisis year.

GDP growth rates in countries with HORNBACH DIY megastores and garden centers

Percentage change on previous quarter Source: Eurostat (calendar year figures)	4th Quarter 2009	1st Quarter 2010	2nd Quarter 2010	3rd Quarter 2010
Germany	0.3	0.6	2.3	0.7
Luxembourg	1.3	0.8	(0.3)	n.a.
Netherlands	0.6	0.5	0.9	(0.1)
Austria	0.4	0.0	1.2	0.9
Romania	(1.5)	(0.3)	0.3	(0.7)
Slovakia	1.3	0.8	1.0	1.0
Sweden	0.9	1.7	2.0	2.1
Switzerland	0.7	0.9	0.8	0.7
Czech Republic	0.5	0.5	0.9	1.1
Euro area	**0.2**	**0.4**	**1.0**	**0.4**
EU 27	**0.3**	**0.4**	**1.0**	**0.5**

Earnings, Financial and Net Asset Situation

Development in HORNBACH's store network

A new DIY megastore with a garden center was opened in the Dutch town of Breda at the end of the third quarter of 2010/2011. This is now HORNBACH's ninth location in the Netherlands. As of November 30, 2010, we were thus operating a total of 132 retail outlets (February 28, 2010: 131). Of these, an unchanged total of 92 stores are in Germany, while 40 stores are in other European countries. Total sales areas at the HORNBACH-Baumarkt-AG Group amounted to around 1,500,000 m². The HORNBACH DIY megastores with garden centers have an average size of more than 11,300 m².

Sales performance

The sales of the HORNBACH-Baumarkt-AG Group are primarily generated in the "DIY stores" segment (please see segment report on Page 17). Sales in the "Real estate" segment chiefly involve rental income from the letting of DIY store properties within the Group to operating units in the "DIY stores" segment. This income is fully consolidated within the segment report as "Rental income from affiliated companies". As a result, the following information refers exclusively to the sales performance of the "DIY store" segment.

Compared with the second quarter, the sales performance of the HORNBACH-Baumarkt-AG Group gained even greater momentum in the third quarter of the 2010/2011 financial year (balance sheet date: February 28, 2011). Sales at the Group thus grew by 7.4% to € 712.7 million (previous year: € 663.5m). On a like-for-like basis, i.e. excluding stores newly opened in the past twelve months, and net of currency items we improved our sales year-on-year by 4.3%. Including currency items relating to non-euro countries, namely the Czech Republic, Romania, Sweden, Switzerland, the Group's like-for-like sales rose by 5.9%.

Consolidated sales grew by 4.7% to € 2,267.9 million (previous year: € 2,166.4m) in the first nine months of the year (March 1 to November 30, 2010). Cumulative like-for-like sales net of currency items grew by 1.8% in the first nine months, while the equivalent growth rate of plus 0.8% for the first half of 2010/2011 had still been noticeably more moderate. Including currency items, like-for-like sales at the HORNBACH-Baumarkt-AG subgroup grew by 3.3%. The domestic business accounted for the highest growth momentum in the third quarter.

Germany

In view of the strong economic upturn and declining unemployment totals, German consumers are extremely confident. Private household consumer spending rose once again in the third quarter of the calendar year, and thus for the third consecutive quarter. HORNBACH too was able to benefit from consumers' positive expectations as to their future incomes and their great willingness to spend. Demand for products and services relating to building, renovation and garden projects rose consistently at our DIY stores with garden centers, especially in the period from September to November 2010. Sales at our 92 German stores increased by 6.5% to € 413.0 million in the third quarter (previous year: € 387.7m) and by 3.1% to € 1,314.8 million in the first nine months (previous year: € 1,275.8m). The increasingly dynamic growth in Germany is also reflected in the subgroup's like-for-like sales performance. Following a dip of 2.3% in the first quarter and growth of 4.9% in the second quarter, in the third quarter we improved our sales by 6.4% compared with the same period in the previous year. For the first nine months as a whole we can report cumulative like-for-like sales growth of 2.7%.

Other European countries

Sales at the 40 HORNBACH DIY megastores with garden centers outside Germany pooled in the "Other European Countries" geographical segment grew by 8.7% to € 299.7 million in the third quarter of 2010/2011 (previous year: € 275.8m). Nine-month sales in other European countries rose by 7.0% to € 953.1 million (previous year: € 890.6m). The international share of consolidated sales at HORNBACH-Baumarkt-AG thus amounted to 42.0% at the end of the first nine months (previous year: 41.1%). Overall, the international business posted a pleasing performance in the quarter under report. The West European countries in which we operate reported solid growth rates. In East European regions, the downturn in demand in the Czech Republic and Romania, two countries especially hard hit by the economic crisis, has eased as their economies have begun to recover and in view of the great backlog of demand in the renovation sector. In our overall foreign business, like-for-like sales net of currency items grew by 1.3% in the third quarter. For the nine-month period as a whole we can report growth of 0.6%, and thus somewhat higher than at the end of the first half (plus 0.2%). Including currency items, like-for-like sales growth amounted to 5.4% in the third quarter and to 4.1% in the first nine months.

Earnings performance

The following information refers to the earnings performance of the HORNBACH-Baumarkt-AG Group. Information about the performance of the "DIY stores" and "Real estate" segments can be found in the segment report in the notes to the financial statements (Page 17).

The HORNBACH-Baumarkt-AG Group further boosted its earnings power in the third quarter of the 2010/2011 financial year. Our earnings growth in the first nine months was even more markedly disproportionate compared with sales than in the first half. This was chiefly due to the acceleration in like-for-like sales growth across the Group in the last three months of the period under report (March 1 to November 30, 2010), accompanied by an improvement in the gross margin.

The gross profit rose as a percentage of net sales to 37.2% in the first nine months (previous year: 36.4%). The reasons for this increase mainly involved changes in the product mix and exchange rate factors affecting international procurement. The Group's selling and store expenses rose to € 628.6 million (previous year: € 602.8m), and thus slightly less markedly than sales. This led the selling and store expense ratio to decline slightly from 27.8% to 27.7%. The pre-opening expense ratio remained unchanged at 0.2%. Administration expenses rose in line with expectations in the current financial year due to expenditure on central future projects. Among other measures, these include the development of a Customer Service Center, the rollout of a new checkout system at the DIY stores with garden centers and the launch of online retail activities. Due to these project-related expenses, the administration expense ratio increased slightly from 3.7% to 3.8%. Other income and expenses dropped to € 10.0 million in the first nine months of 2010/2011, down from € 17.6 million in the previous year's period. This development was primarily due to a provision recognized for potential refund claims from our energy-related services provider on the basis of an amended risk assessment.

We increased our earnings before interest, taxes, depreciation and amortization by 9.1% from € 160.2 million to € 174.8 million in the first nine months of the current financial year. The Group's operating earnings (EBIT) rose by 12.9% to € 135.5 million (previous year: € 120.1m). Driven mainly by foreign exchange gains, net financial expenses at the HORNBACH-Baumarkt-AG Group improved from minus € 16.3 million to minus € 11.9 million. Consolidated earnings before taxes increased by 19.1% to € 123.6 million (previous year: € 103.8m). Net income for the period benefited additionally from a tax refund claim of € 3.0 million relating to previous years and recognized through profit or loss in November. Net income for the first nine months therefore surged to € 91.5 million, up 25.0% on the previous year (€ 73.2m). Basic earnings per share reached € 5.75 by the end of the first nine months (previous year: € 4.64).

The third quarter of 2010/2011 witnessed the highest level of relative earnings growth in the current financial year. EBITDA increased by 27.7% to € 31.2 million (previous year: € 24.4m). EBIT improved by 53.3% to € 18.0 million (previous year: € 11.7m). Consolidated earnings before taxes rose by € 5.8 million to € 12.2 million (plus 90.6%). Net income for the period reached € 11.2 million in the third quarter (previous year: € 4.7m). Basic earnings per share for the third quarter amounted to € 0.70 (previous year: € 0.30).

Financial and net asset position

The Group invested a total of € 45.1 million in the first nine months of 2010/2011. Around 58 % of this sum was invested in plant and office equipment at new and existing stores and intangible assets (mainly IT software), while the rest was channeled into land and buildings. Investments were financed in full from the operating cash flow of € 201.5 million (previous year: € 197.8m). Further information about the financing and investment activities of the HORNBACH-Baumarkt-AG Group can be found in the cash flow statement on Page 11.

Total assets increased to € 1,643.0 million as of November 30, 2010, up 14.1% on the balance sheet date as of February 28, 2010. This increase was mainly attributable to the sharp rise in cash and cash equivalents from € 295.6 million to € 497.2 million. Shareholders' equity as reported in the balance sheet grew by 13.5%, or € 88.2 million, compared with the previous balance sheet date to reach € 742.9 million. The equity ratio is reported at 45.2% (February 28, 2010: 45.5%). Cash and cash equivalents exceeded financial debt as of November 30, 2010. The Group therefore reported net financial assets amounting to € 50.3 million. By comparison, the net financial debt of the HORNBACH-Baumarkt-AG Group had still amounted to € 126.3 million as of February 28, 2010.

Employees

A total of 13,024 individuals across Europe were in fixed employment at the HORNBACH-Baumarkt-AG Group or one of its subsidiaries at the reporting date on November 30, 2010 (February 28, 2010: 12,640).

Outlook

Since December 1, 2010, DIY enthusiasts and professionals alike have also been able to use the internet to shop at HORNBACH (www.hornbach.de). The online store, whose product range is being gradually extended under the motto "HORNBACH is coming home", represents a major strategic addition to the stationary retail business. By taking this step, we purposefully aim to exploit the considerable future growth potential forecast by retail experts for multi-channel retailing.

On December 15, 2010, we continued our expansion with the opening of a new HORNBACH DIY megastore with a garden center in Bucharest-Balotesti. This store, with sales areas of more than 16,000 m², is our third location in the Romanian capital. We are thus operating a current total of 133 stores in nine countries with total sales areas of around 1,513,000 m². Further new store openings are set to follow in the 2011/2012 financial year. Two HORNBACH DIY megastores with garden centers are currently being built in Plzen and Ostrava (both in the Czech Republic), among other locations, and are expected to open in May 2011.

We are upholding the sales and earnings forecast for the overall 2010/2011 financial year most recently published in our half-year financial report for 2010/2011 without amendment. Accordingly, sales at the HORNBACH-Baumarkt-AG Group are expected to show low to medium single-digit percentage growth. Despite higher project-related administration expenses, we continue to expect operating earnings (EBIT) at the HORNBACH-Baumarkt-AG Group for the overall 2010/2011 financial year to slightly exceed the level reported for the 2009/2010 financial year (€ 114.9m).

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Income Statement

€ million	3rd Quarter 2010/2011	3rd Quarter 2009/2010	Change %	Nine Months 2010/2011	Nine Months 2009/2010	Change %
Sales	712.7	663.5	7.4	2,267.9	2,166.4	4.7
Cost of goods sold	451.6	424.6	6.4	1,423.7	1,376.9	3.4
Gross profit	**261.1**	**238.8**	**9.3**	**844.3**	**789.5**	**6.9**
Selling and store expenses	212.2	202.1	5.0	628.6	602.8	4.3
Pre-opening expenses	2.1	2.1	0.7	3.7	3.5	5.3
General and administration expenses	29.1	28.5	2.2	86.5	80.7	7.2
Other income and expenses	0.3	5.5	(95.2)	10.0	17.6	(43.1)
Earnings before interest and taxes (EBIT)	**18.0**	**11.7**	**53.3**	**135.5**	**120.1**	**12.9**
Other interest and similar income	1.1	0.7	53.4	2.5	2.7	(6.8)
Other interest and similar expenses	6.4	5.7	12.5	18.3	17.7	3.4
Other financial result	(0.4)	(0.3)	36.0	3.9	(1.3)	
Net financial expenses	**(5.8)**	**(5.3)**	**8.3**	**(11.9)**	**(16.3)**	**(27.1)**
Consolidated earnings before taxes	**12.2**	**6.4**	**90.6**	**123.6**	**103.8**	**19.1**
Taxes on income	1.0	1.7	(39.4)	32.1	30.6	5.0
Consolidated net income	**11.2**	**4.7**	**138.1**	**91.5**	**73.2**	**25.0**
Basic earnings per share in €	0.70	0.30	133.3	5.75	4.64	23.9
Diluted earnings per share in €	n.a.	0.30		n.a.	4.64	

Rounding up or down may lead to discrepancies between percentages and totals. Calculation of percentage figures based on € 000s.

Statement of Comprehensive Income for the Period

€ million	Nine Months 2010/2011	Nine Months 2009/2010
Consolidated net income	**91.5**	**73.2**
Measurement of derivative financial instruments (cash flow hedge)		
Measurement of derivative hedging instruments directly in equity	1.7	(1.2)
Gains and losses from measurement of derivative financial instruments transferred to profit or loss	2.0	1.3
Exchange differences arising on the translation of foreign subsidiaries	10.0	3.6
Deferred taxes on gains and losses recognized directly in equity	(1.1)	0.0
Other comprehensive income	**12.6**	**3.7**
Total comprehensive income	**104.1**	**76.9**

Rounding up or down may lead to discrepancies between totals.

Balance Sheet

Assets	November 30, 2010 € million	%	February 28, 2010 € million	%
Non-current assets				
Intangible assets	20.4	1.2	19.6	1.4
Property, plant, and equipment	582.0	35.4	567.3	39.4
Investment property	12.8	0.8	12.8	0.9
Financial assets	1.2	0.0	1.1	0.0
Non-current receivables and other assets	8.6	0.5	8.2	0.6
Non-current income tax receivables	9.0	0.5	7.3	0.5
Deferred tax assets	12.2	0.7	13.5	0.9
	646.1	**39.3**	**629.9**	**43.8**
Current assets				
Inventories	439.4	26.7	428.0	29.7
Other receivables and assets	57.4	3.5	46.7	3.2
Income tax receivables	2.0	0.1	4.1	0.3
Cash and cash equivalents	497.2	30.3	295.6	20.5
Non-current assets held for sale	1.0	0.1	35.1	2.4
	996.9	**60.7**	**809.5**	**56.2**
	1,643.0	**100.0**	**1,439.4**	**100.0**

Equity and liabilities	November 30, 2010 € million	%	February 28, 2010 € million	%
Shareholders' equity				
Share capital	47.7	2.9	47.7	3.3
Capital reserve	143.6	8.7	143.6	10.0
Revenue reserves	551.6	33.6	463.4	32.2
	742.9	**45.2**	**654.7**	**45.5**
Non-current liabilities				
Non-current financial debt	345.8	21.0	395.0	27.4
Deferred tax liabilities	42.8	2.6	43.6	3.0
Other non-current liabilities	23.4	1.4	23.1	1.6
	412.0	**25.1**	**461.7**	**32.1**
Current liabilities				
Current financial debt	101.1	6.2	27.0	1.9
Trade payables and other liabilities	287.8	17.5	217.1	15.1
Income tax liabilities	38.3	2.3	18.9	1.3
Other provisions and accrued liabilities	60.9	3.7	60.0	4.2
	488.1	**29.7**	**323.0**	**22.4**
	1,643.0	**100.0**	**1,439.4**	**100.0**

Rounding up or down may lead to discrepancies between percentages and totals. Calculation of percentage figures based on € 000s.

Statement of Changes in Equity

Nine Months 2009/2010 in € million	Share capital	Capital reserve	Hedging reserve	Cumulative currency translation	Other revenue reserves	Total equity
Balance at March 1, 2009	**47.2**	**140.2**	**(3.6)**	**6.7**	**400.9**	**591.3**
Consolidated net income					73.2	73.2
Measurement of derivative financial instruments (cash flow hedge), net after taxes			0.1			0.1
Foreign currency translation				3.6		3.6
Total comprehensive income			**0.1**	**3.6**	**73.2**	**76.9**
Dividend distribution					(13.7)	(13.7)
Capital increase from share option plans	0.3	1.8				2.1
Balance at November 30, 2009	**47.5**	**142.0**	**(3.5)**	**10.3**	**460.4**	**656.6**

Nine Months 2010/2011 € million	Share capital	Capital reserve	Hedging reserve	Cumulative currency translation	Other revenue reserves	Total equity
Balance at March 1, 2010	**47.7**	**143.6**	**(3.5)**	**12.4**	**454.5**	**654.7**
Consolidated net income					91.5	91.5
Measurement of derivative financial instruments (cash flow hedge), net after taxes			2.6			2.6
Foreign currency translation				10.0		10.0
Total comprehensive income			**2.6**	**10.0**	**91.5**	**104.1**
Dividend distribution					(15.9)	(15.9)
Balance at November 30, 2010	**47.7**	**143.6**	**(0.9)**	**22.4**	**530.1**	**742.9**

Rounding up or down may lead to discrepancies between totals.

Cash Flow Statement

€ million	Nine Months 2010/2011	Nine Months 2009/2010
Consolidated net income	**91.5**	**73.2**
Depreciation and amortization of non-current assets	39.3	40.4
Change in provisions	0.2	3.0
Gains/losses on disposals of non-current assets and of non-current assets held for sale	(0.1)	0.0
Change in inventories, trade receivables and other assets	(7.5)	65.4
Change in trade payables and other liabilities	78.5	13.5
Other non-cash income/expenses	(0.5)	2.2
Cash flow from operating activities	**201.5**	**197.8**
Proceeds from disposal of non-current assets and of non-current assets held for sale	35.1	2.2
Payments for investments in property, plant, and equipment	(39.3)	(53.7)
Payments for investments in intangible assets	(5.8)	(2.5)
Payments for investments in financial assets	0.0	(1.0)
Cash flow from investing activities	**(10.0)**	**(55.0)**
Proceeds from capital increases	0.0	2.1
Dividends paid	(15.9)	(13.7)
Proceeds from taking up long-term debt	40.0	0.0
Repayment of long-term debt	(11.4)	(14.0)
Payments for transaction costs	(0.6)	0.0
Change in current financial debt	(2.5)	(7.9)
Cash flow from financing activities	**9.5**	**(33.7)**
Cash-effective change in cash and cash equivalents	201.0	109.1
Change in cash and cash equivalents due to changes in exchange rates	0.6	0.5
Cash and cash equivalents at March 1	295.6	236.1
Cash and cash equivalents at November 30	**497.2**	**345.7**

Rounding up or down may lead to discrepancies between totals.

The cash flow from operating activities was reduced by € 13.1 million on account of income tax payments (previous year: € 21.0m) and by € 23.0 million on account of interest payments (previous year: € 24.2m) and increased by € 2.5 million on account of interest received (previous year: € 2.7m).

The other non-cash income/expenses item largely consists of unrecognized foreign currency differences and deferred taxes. This item also includes income from corporate income tax credits.

NOTES

Notes to the Interim Consolidated Financial Statements as of November 30, 2010

(1) Accounting principles

This unaudited group interim financial report of HORNBACH-Baumarkt-AG and its subsidiaries for the nine-month period as of November 30, 2010 has been prepared in accordance with § 315a of the German Commercial Code (HGB) based on International Financial Reporting Standards (IFRS) in the form requiring mandatory application in the European Union.

The HORNBACH Group has implemented all International Financial Reporting Standards and Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) requiring mandatory application in the European Union for the first time from the 2010/2011 financial year.

The revised version of IFRS 3 "Business Combinations" and IAS 27 "Consolidated and Separate Financial Statements" will lead to changes in the presentation of business combinations in future. Initial application of the revised standard will affect the Group's net asset, financial and earnings position in line with the scale of the relevant business combination. Changes in the level of shareholding held in subsidiaries already fully consolidated not leading to any loss of control will continue to be offset directly against equity.

The application of the other International Financial Reporting Standards and Interpretations of the International Financial Reporting Interpretations Committee requiring application for the first time from the 2010/2011 financial year has not had any implications for the Group's net asset, financial and earnings position.

Otherwise, the accounting principles applied when preparing the interim report correspond to those applied in the consolidated financial statements as of February 28, 2010. The Group has made additional application of IAS 34 "Interim Financial Reporting". Pursuant to IAS 34 "Interim Financial Reporting", income tax expenses for the first nine months of 2010/2011 have been calculated using the average annual tax rate expected for the financial year as a whole. This interim report is to be read in conjunction with the consolidated financial statements of HORNBACH-Baumarkt-AG for the 2009/2010 financial year. Reference is made to these financial statements on account of the additional information they contain as to the specific accounting and valuation methods applied. The notes included therein also apply to this interim report, unless any amendments are expressly indicated. Moreover, this interim report is also consistent with German Accounting Standard No. 16 (DRS 16) - Interim Reporting - of the German Accounting Standards Committee (DRSC).

(2) Scope of consolidation

There were no changes in the scope of consolidation in the first nine months of 2010/2011.

(3) Seasonal influences

Due to weather conditions, the HORNBACH-Baumarkt-AG Group generally reports a weaker business performance in the autumn and winter than in the spring and summer months. These seasonal fluctuations are reflected in the figures for the first nine months. The business results for the first nine months as of November 30, 2010 do not necessarily provide an indication of the results to be expected for the year as a whole.

(4) Other income and expenses

Other income and expenses are structured as follows:

€ million	3rd Quarter 2010/2011	3rd Quarter 2009/2010	Change %
Other income	4.6	6.3	(26.1)
Other expenses	4.4	0.7	499.5
Other income and expenses	**0.3**	**5.5**	**(95.2)**

€ million	Nine Months 2010/2011	Nine Months 2009/2010	Change %
Other income	16.3	22.9	(28.6)
Other expenses	6.3	5.3	19.2
Other income and expenses	**10.0**	**17.6**	**(43.1)**

Percentages calculated on basis of € 000s. Rounding up or down may lead to discrepancies between totals.

The other income reported for the first nine months of 2010/2011 includes operating income of € 16.1 million (previous year: € 22.0m) and non-operating income of € 0.2 million (previous year: € 0.9m). Operating income mainly consists of advertising grants, other supplier credits, ancillary revenues at the DIY stores with garden centers, income from the reversal of provisions and income from allocations within the HORNBACH HOLDING AG Group. The non-operating income for the first nine months of 2010/2011 results from the sale of a DIY store with a garden center. This was leased back on a long-term basis within the framework of an operating lease. There is the option of extending the letting period following expiry of the fixed term. The DIY store with a garden center was previously classified as held for sale. The non-operating income for the previous year mainly involved retrospective income of € 0.5 million on real estate sold in the 2008/2009 financial year and a write-up of € 0.3 million in connection with a piece of land in the real estate segment.

Other expenses in the first nine months of 2010/2011 consist of operating expenses of € 5.7 million (previous year: € 2.5m) and non-operating expenses of € 0.6 million (previous year: € 2.8m). Operating expenses include expenses of € 3.8 million in connection with the recognition of a provision for refund claims expected from an energy-related services provider. This item is attributable to a reassessment of the potential risk of this claim being drawn on. Apart from this item, operating expenses mainly involve losses incurred in connection with damages and losses incurred on the disposal of non-current assets. Non-operating expenses for the first nine months of 2010/2011 chiefly relate to an impairment loss of € 0.6 million recognized on goodwill in the retail segment. The non-operating expenses for the previous year mainly related to additions of € 1.9 million to provisions for onerous contracts and to the reclassification of a property previously classified as held for sale. Here, the retrospective recognition of scheduled depreciation resulted in expenses of € 0.7 million.

(5) Earnings per share

Basic earnings per share are calculated pursuant to IAS 33 "Earnings per Share" as the quotient of the income attributable to the shareholders of HORNBACH-Baumarkt-AG for the period under report and the weighted average number of shares issued.

Basic earnings per share

	3rd Quarter 2010/2011	3rd Quarter 2009/2010
Weighted number of shares issued	15,903,500	15,763,704
Consolidated net income attributable to shareholders in HORNBACH-Baumarkt-AG in € million	11.2	4.7
Earnings per share in €	**0.70**	**0.30**

	Nine Months 2010/2011	Nine Months 2009/2010
Weighted number of shares issued	15,903,500	15,763,704
Consolidated net income attributable to shareholders in HORNBACH-Baumarkt-AG in € million	91.5	73.2
Earnings per share in €	**5.75**	**4.64**

Diluted earnings per share

The dilutive effect in previous years was due to shares potentially arising within the 1999 share option plan. This share option plan could be exercised for the last time as of February 3, 2010. No further share option plans have been adopted. Accordingly, there were no dilutive effects as of November 30, 2010.

The diluted earnings per share reported in the previous year were structured as follows:

	3rd Quarter 2009/2010
Weighted number of shares issued, including potential shares with a dilutive effect	15,794,100
Consolidated net income attributable to shareholders in HORNBACH-Baumarkt-AG in € million	4.7
Earnings per share in €	**0.30**

	Nine Months 2009/2010
Weighted number of shares issued, including potential shares with a dilutive effect	15,794,100
Consolidated net income attributable to shareholders in HORNBACH-Baumarkt-AG in € million	73.2
Earnings per share in €	**4.64**

(6) Taxes on income

The taxes on income reported for the nine-month period include income from the first-time recognition of corporate income tax refund claims of € 3.0 million. These had been viewed as irrecoverable until the verdict passed by the Federal Constitutional Court on November 17, 2009. These claims were not recognized in the consolidated financial statements as of February 28, 2010, as the specific structure of the new provision called for by the Federal Constitutional Court could not be anticipated at that time. On November 26, 2010, the German Federal Council adopted the 2010 Tax Amendment Act including the new provision thereby required. The additional corporate income tax refund claims of € 3.4 million have been recognized at a cash value of € 3.0 million as of November 30, 2010. The present value has been calculated on the assumption that the refunds will be disbursed in seven equal annual installments as of September 30 each year, beginning in 2011. The claims have been discounted using a congruent interest rate of 2.7%.

(7) Other disclosures

The personnel expenses of the HORNBACH-Baumarkt-AG Group amounted to € 350.5 million at the end of the first nine months as of November 30, 2010 (previous year: € 328.8m).

Depreciation and amortization totaling € 39.3 million was recognized on intangible assets and property, plant and equipment at the HORNBACH-Baumarkt-AG Group in the first nine months of the 2010/2011 financial year (previous year: € 40.4m).

(8) Shareholders' equity

On August 2, 2010, the Board of Management of HORNBACH-Baumarkt-AG resolved pursuant to § 71 (1) No. 2 of the German Stock Corporation Act (AktG) to acquire up to 20,000 treasury stock shares. These shares were to be acquired for the (annual) issue of employee shares scheduled to take place at the end of 2010.

On November 15, 2010, the Board of Management resolved pursuant to § 71 (1) No. 2 of the German Stock Corporation Act (AktG) to extend the deadline for the share buyback program at HORNBACH-Baumarkt-AG in connection with the issuing of employee shares in 2010 by a further two months until the end of the 2010/2011 financial year (balance sheet date: February 28, 2011) and to increase the volume by 5,000 shares to up to 25,000 treasury stock shares. This step was necessitated by lower trading volumes in the company's shares compared with the previous year and the pleasing reception accorded by employees to the employee share program.

The repurchase of shares pursuant to these management board resolutions is being undertaken in accordance with the safe harbor regulations set out in § 20a (3) of the German Securities Trading Act (WpHG) in conjunction with Regulation (EC) No. 2273/2003 of the Commission dated December 22, 2003.

The repurchase of shares began on August 3, 2010 and is limited until February 28, 2011. A total of 14,698 treasury stocks had been acquired by November 30, 2010.

The employee shares were issued to employees on November 12, 2010. As the share buyback program could not be completed due to lower trading volumes for shares in HORNBACH-Baumarkt-AG compared with the previous year and the pleasing reception accorded by employees to the employee share program, HORNBACH HOLDING AG provided HORNBACH-Baumarkt-AG with 10,708 shares in HORNBACH-Baumarkt-AG by way of a securities loan executed as of November 10, 2010. This securities loan is for a period limited to February 25, 2011. HORNBACH-Baumarkt-AG issued a total of 21,035 employee shares to its employees.

(9) Dividend

As proposed by the Board of Management and Supervisory Board of HORNBACH-Baumarkt-AG, following approval by the Annual General Meeting on July 8, 2010 a dividend of € 1.00 per share was distributed to shareholders for the 2009/2010 financial year.

(10) Financial debt

The HORNBACH-Baumarkt-AG Group concluded promissory note bond agreements with a total volume of € 120 million in two tranches in the first nine months of the 2010/2011 financial year.

The first tranche involves two promissory note bonds taken up in CZK and CHF with an equivalent value of € 20 million each. These promissory note bonds have floating interest rates based on the 6-month CZK PRIBOR and CHF LIBOR, plus a bank margin, and are due for repayment at the end of a five-year term. The funds are to be used to refinance investments in the respective currencies.

The second tranche relates to a syndicated credit line of € 80 million to be utilized in the form of a (forward) promissory note bond with a five-year term as of June 30, 2011. The funds are to be used to refinance the existing promissory note bond. Commitment interest has to be paid for the period until this promissory note bond, which is repayable upon maturity, is drawn down. Following drawdown, the promissory note bond has a floating interest rate based on the 6-month EURIBOR, plus a bank margin.

Customary bank covenants have been agreed for the promissory note bonds. By analogy with the existing syndicated credit line, interest cover (EBITDA/gross interest expenses) of at least 2.25 and an equity ratio of at least 25% must be met on the level of the HORNBACH-Baumarkt-AG Group. Furthermore, maximum limits have also been agreed, particularly in respect of financing facilities secured by land charges and the taking up of financial debt by subsidiaries of HORNBACH-Baumarkt-AG.

To secure the level of interest, congruent swaps and a forward swap were also agreed upon conclusion of the aforementioned promissory note bond agreements. These interest swaps enable the floating interest payments based on the 6-month CZK PRIBOR, CHF LIBOR and EURIBOR rates, payable in each case on a half-yearly basis throughout the terms, to be converted into fixed interest payments. As each of these promissory note bond transactions meets the requirements for hedge accounting, changes in the value of the swaps are reported in the hedging reserve.

(11) Contingent liabilities and other financial obligations

These mainly involve obligations for rental, hiring, leasehold and leasing contracts for which the companies of the HORNBACH-Baumarkt-AG Group do not constitute the economic owners of the assets thereby leased pursuant to IFRS regulations (Operating Lease). These amounted to € 1,189.8 million at the end of the first nine months as of November 30, 2010 (February 28, 2010: € 1,276.0m).

(12) Related party disclosures

In addition to the subsidiaries included in the consolidated financial statements, HORNBACH-Baumarkt-AG also has direct or indirect relationships with associated companies when performing its customary business activities. These include the parent company HORNBACH HOLDING AG, as well as its direct and indirect subsidiaries. Apart from the transactions performed in the customary course of project and reported in the annual financial statements, no major transactions were undertaken with closely related companies and persons during the first nine months of 2010/2011.

(13) Segment report

Nine Months 2010/2011 in € million Nine Months 2009/2010 in € million	DIY stores	Real estate	Headquarters and consolidation	HORNBACH-Baumarkt-AG Group
Segment sales	**2,267.2**	**93.6**	**(92.9)**	**2,267.9**
	2,165.7	88.7	(88.0)	2,166.4
Sales to third parties	2,267.2	0.0	0.0	2,267.2
	2,165.6	0.0	0.0	2,165.6
Sales to affiliated companies	0.1	0.0	0.0	0.1
	0.1	0.0	0.0	0.1
Rental income from third parties	0.0	0.7	0.0	0.7
	0.0	0.7	0.0	0.7
Rental income from affiliated companies	0.0	92.9	(92.9)	0.0
	0.0	88.0	(88.0)	0.0
Segment earnings (EBIT)	**125.5**	**26.0**	**(16.0)**	**135.5**
	105.7	25.7	(11.3)	120.1
Depreciation and amortization/write-ups	**24.5**	**8.4**	**6.4**	**39.3**
	26.0	8.2	5.9	40.1
EBITDA	**150.0**	**34.4**	**(9.6)**	**174.8**
	131.7	33.9	(5.4)	160.2
Segment assets	**745.7**	**469.0**	**405.2**	**1,619.9**
	713.0	480.2	276.1	1,469.3
of which: credit balances at banks	106.6	0.0	371.3	478.0
	81.1	0.0	243.8	324.9

Reconciliation in € million	Nine Months 2010/2011	Nine Months 2009/2010
Segment earnings (EBIT) before "Headquarters and consolidation"	**151.5**	**131.4**
Headquarters	(16.0)	(11.0)
Consolidation adjustments	0.0	(0.3)
Net financial expenses	(11.9)	(16.3)
Consolidated earnings before taxes	**123.6**	**103.8**

Rounding up or down may lead to discrepancies between totals.

Bornheim, December 21, 2010

The Board of Management of HORNBACH-Baumarkt-Aktiengesellschaft

FINANCIAL CALENDAR 2011

March 17, 2011	Trading Statement 2010/2011
May 26, 2011	Annual Results Press Conference 2010/2011 DVFA Analysts' Conference Publication of Annual Report
June 30, 2011	Interim Report: 1st Quarter of 2011/2012 as of May 31, 2011
July 7, 2011	Annual General Meeting of HORNBACH-Baumarkt-AG Festhalle Landau, Landau/Pfalz
September 29, 2011	Half-Year Financial Report 2011/2012 as of August 31, 2011
December 22, 2011	Interim Report: First Nine Months of 2011/2012 as of November 30, 2011

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